



HOULIHAN LOKEY

DIGITAL MEDIA

QUARTERLY UPDATE | WINTER 2021



Houlihan Lokey Digital Media Quarterly Update

Dear Friends and Partners,

We are pleased to present the Digital Media Quarterly Update, highlighting the notable events, activity, and trends across digital media, including OTT, digital publishing, streaming music/audio, and video games. To say the least, 2020 was an unprecedented year filled with uncertainty, challenges, and new opportunities driving accelerated change across the sector. While we are excited for the future of the digital media space, we would like to reflect back on the second half of 2020 to set the stage for what's to come in 2021 and beyond. Highlights across our core subverticals include the following:

- The OTT segment was one of the hottest segments within digital media in 2020. According to MoffettNathanson, U.S. SVOD and AVOD subscribers grew nearly 30% in 2020, and those trends are expected to continue with consumers citing expanding OTT options, content libraries, and affordability relative to traditional TV subscriptions as the key drivers behind increased consumption of SVOD and AVOD services. According to Activate Consulting, OTT will capture one-third of U.S. video revenue in 2021 (up from 24% in 2019) as households continue to cut the cord and transition to OTT platforms. In 2021, the SVOD wars will continue to heat up between industry heavyweights—Netflix, Amazon Prime Video, Disney+, HBO Max, Apple TV+, and Paramount+, among others—and AVOD will emerge as a new and important frontier.
- Leading digital publishers, who faced significant challenges and uncertainty during the first half of 2020 due to the onset of the COVID-19 pandemic, experienced a healthy recovery in the second half of the year, as audience demand and engagement remained strong and advertisers returned. With strong sequential revenue growth and leaner cost structures in the second half of 2020, many leading digital publishers were reportedly breakeven or profitable in Q4 and are signaling optimism as they head into 2021.
- Streaming music/audio continues to be hypercompetitive, with the leading platforms vying for loyal subscribers and differentiated content. Music streaming revenue is expected to reach ~\$20B globally in 2020, as paid subscriber acquisition continues to grow at an accelerated pace. Podcasting has emerged as an important battleground among the streaming music giants. While Spotify moved first into this market, all of the leading streaming music platforms have followed suit, looking to expand their podcast and spoken audio libraries (providing a powerful catalyst for M&A in 2020). In 2021, we believe that livestreaming of music/concerts/events will be an important new growth opportunity for the streaming music platforms and provide a way for these services to further differentiate their content offerings and create a win-win for both artists and users.
- The growth of the video game industry continued to accelerate in the second half of 2020, with digital games generating a record-breaking \$12.0B in December 2020 and global gaming revenue expected to reach \$165B for the full year (well beyond analyst estimates). The gaming ecosystem has rapidly changed in 2020 with the continued push into mobile and cloud gaming, the changing behaviors of gamers across the globe, the intertwining of the virtual gaming environment with nongaming activities, and Big Tech companies such as Facebook and Amazon expanding their gaming platforms. With the largest game companies in the world flush with cash and newly public companies looking to scale, we expect continued M&A activity and consolidation across the video game sector.

As we begin the new year, we wish you all a healthy and prosperous 2021 and hope that our Digital Media Quarterly Update can continue to be a valuable resource to keep you abreast of the key developments in the digital media sector as we continue to provide a summary of noteworthy recent activity as well as our perspectives of current and future trends in the space.

Regards,

The Houlihan Lokey Team



Roy Kabla
Managing Director
Global Co-Head of TMT
RKabla@HL.com
212.497.4193



Daniel Gossels
Managing Director
DGossels@HL.com
212.497.7979



Ronald de Gier
Senior Vice President
RDeGier@HL.com
212.497.4157



Josh Rothstein
Vice President
JRothstein@HL.com
310.788.5388



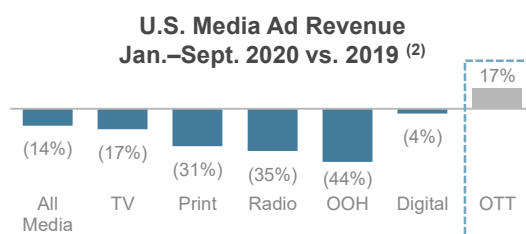
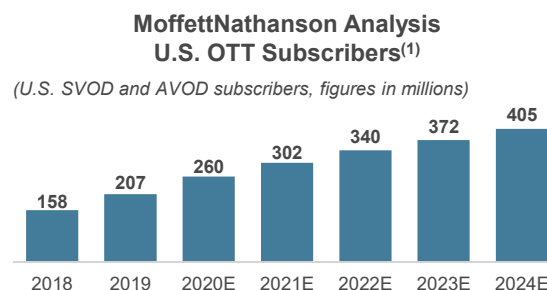
Justin Munda
Associate
JMunda@HL.com
212.497.7877



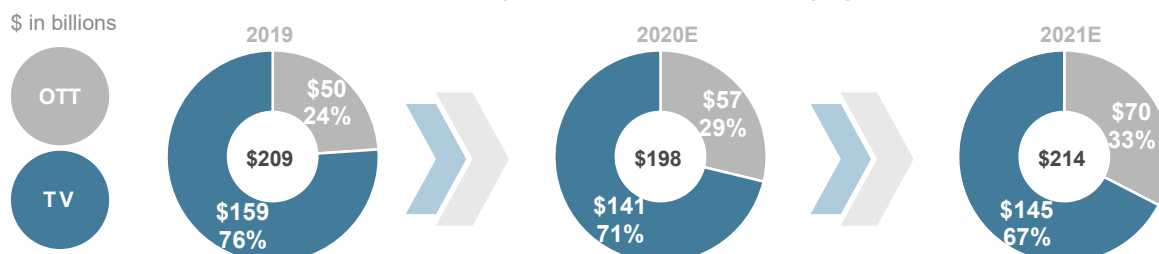
Scott Kaden
Financial Analyst
SKaden@HL.com
212.497.4185

Sector Activity, Trends, and Insights

- As has been widely reported, the OTT segment was one of the hottest segments within digital media in 2020. According to MoffettNathanson, U.S. SVOD and AVOD subscribers grew nearly 30% in 2020, and those trends are expected to continue with consumers citing expanding OTT platform options, content libraries, and affordability relative to traditional TV subscriptions as the key drivers behind increased consumption of SVOD and AVOD services. According to Activate Consulting, OTT will capture one-third of U.S. video revenue in 2021, up from 24% in 2019, as households continue to cut the cord and transition to OTT platforms; the average video streaming subscriber is expected to have 5.7 subscriptions by 2024.⁽³⁾
- Compared to other media verticals, OTT was the only subsector to recognize positive YoY ad revenue growth through the first nine months of 2020 as advertisers strategically reallocated their ad budgets toward AVOD and vMVPD streaming platforms.
- The streaming wars heated up in the second half of 2020 as media and tech heavyweights continued their push, and heavy investment, into SVOD.
 - After a mediocre Q3, Netflix ended 2020 with positive momentum, surpassing 200M global subscribers.
 - Disney+ has cemented its place as a top-three OTT platform, recently reporting it grew its subscriber base to ~95M; some analysts predict Disney+ will catch up to Netflix in streaming leadership by 2022.
 - In late January, Comcast announced that Peacock had 33M signups, up from 28M in early December.
 - HBO and HBO Max now have a combined 41.5M U.S. subscribers, up 20% YoY.
 - ViacomCBS announced it is launching Paramount+ in March 2020; the company is expected to invest \$5B in steaming content over the next few years to compete with Netflix, Amazon Prime Video, Apple TV+, HBO Max, Disney+, etc.
- We expect to see continued investment and growth in AVOD in 2021, which will be an important new frontier for many media companies looking to establish direct-to-consumer offerings. We believe that interest in launching and scaling AVOD platforms will be an important catalyst for M&A this year.
 - Case in point: Univision, which is due to launch its AVOD platform, PrendeTV, in March 2020, recently acquired VIX, which operates the largest Latino AVOD OTT platform in the world. The acquisition of VIX, which will be integrated into PrendeTV in the U.S., is expected to bring immediate scale and momentum to Univision's free, ad-supported streaming platform. Houlihan Lokey advised VIX on its sale to Univision.
- We believe that fierce competition across both SVOD and AVOD platforms will be a catalyst for further industry consolidation as media and tech platforms look to augment offerings with premium IP/content libraries, distribution, and digital teams and capabilities.



Activate Analysis: U.S. Video Revenue by Type⁽³⁾



Sources: Company press releases and news reports. (1) MoffettNathanson Research, 2020. (2) SMI Pool, December 2020.

(3) Activate Consulting—Activate Technology & Media Outlook 2021; OTT includes revenue from subscription, EST/Rental, and ad revenue; TV includes cable subscriptions and ad revenue.

OTT (cont.)

2020 Performance



OTT

- Chicken Soup for the Soul Entertainment
- CuriosityStream
- FuboTV
- Gaia
- Netflix
- Roku

Notable Recent Transactions

\$ in millions

Company	xumo	tubi	fuboTV	MOVIES & TV VUDU	CuriosityStream	crunchyroll	vix
Date	Feb-20	Mar-20	Mar-20	Apr-20	Aug-20	Dec-20	Feb-21
Acquiror	COMCAST	FOX	FACEBANK	FANDANGO NOW	SOFTWARE ACQUISITION GROUP	funimation	univision COMMUNICATIONS INC
Valuation	\$100.0	\$440.0	\$700.0	--	\$330.0	\$1,175.0	--
EV/Revenue	--	--	~4.0–5.0x	--	9.4x	--	--

Notable Recent News and Articles

The Wrap: [Disney to Catch Netflix for Streaming Superiority in 2022, eMarketer Predicts](#)

Cord Cutters News: [Disney Will Mix Theatrical Releases and Straight to Streaming in 2021](#)

The Wrap: [ViacomCBS Bets \\$5 Billion That Paramount+ Can Compete With Disney and Warner](#)

The Wrap: [Movie Theaters vs. Streaming? Warner Bros' HBO Max Plan Is a Complete Paradigm Shift](#)

Vox: [The Best Alternative Streaming Services, From Anime to Arthouse](#)

Axios: [Streaming Becomes Lifeline for Struggling Entertainment Giants](#)

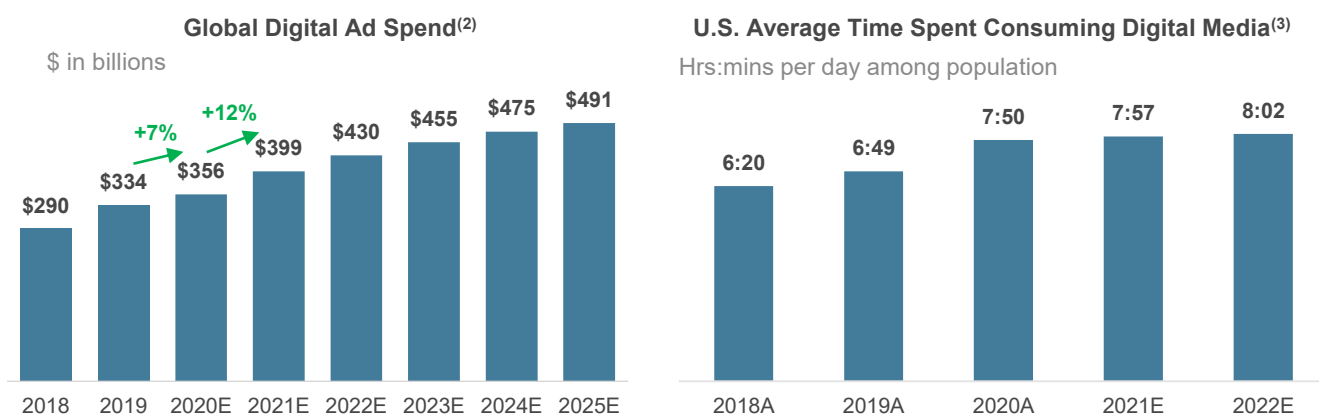
Deadline: [CuriosityStream Ends First Day of Trading on Nasdaq With 11% Gain](#)

Sources: PitchBook.com, S&P Capital IQ, company press releases, and news reports.

Digital Publishing and Social Media

Sector Activity, Trends, and Insights

- Leading digital publishers, who faced significant challenges and uncertainty during the first half of 2020 due to the onset of the COVID-19 pandemic, experienced a healthy recovery in the second half of the year, as audience demand and engagement remained strong and advertisers returned. With strong sequential revenue growth and leaner cost structures in the second half of 2020, many leading digital publishers were reportedly breakeven or profitable in Q4.
 - Buzzfeed reported that it is expected to book a \$30M profit on \$300M of revenues for 2020, while Vox Media is also expected to be profitable in 2020.⁽¹⁾
 - Lower-than-anticipated, long-form production due to COVID-19 restrictions during the second half of 2020 was offset by growing monetization opportunities via OTT channels for prominent digital publishers.
- Digital publishers are signaling optimism as they head into 2021, with revenue growth expected across advertising (which is expected to rebound in 2021), production (where there is significant pent-up demand), and content license to fulfill growing demand from leading OTT platforms.

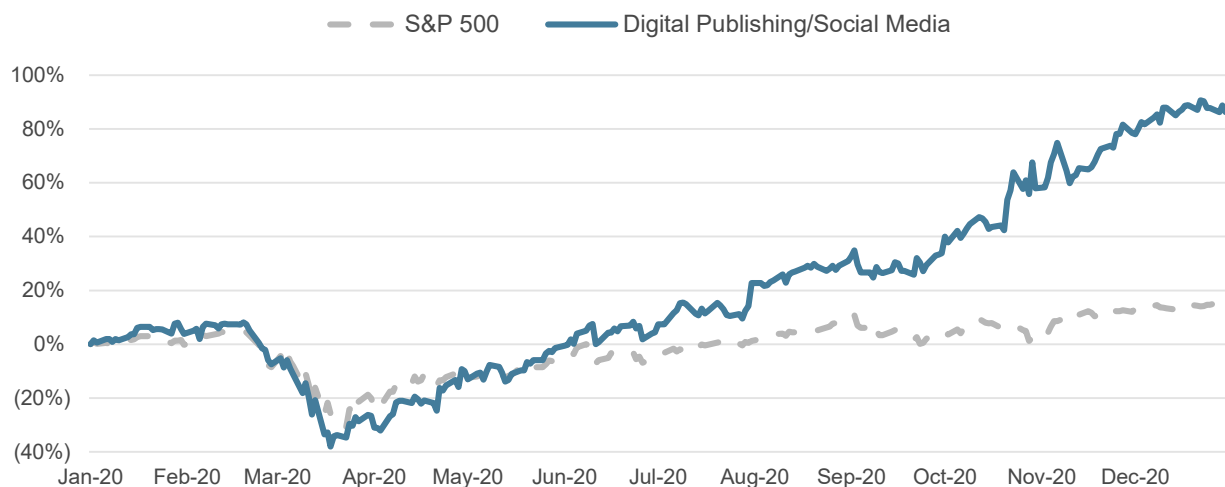


- Social media platforms—both the large, public platforms and the newer emerging platforms—enjoyed continued momentum in the second half of 2020, as user engagement remained high and platforms continued to innovate their (COVID-19-centric) product offerings:
 - Triller saw huge success in its foray into livestreaming events; the company livestreamed the Mike Tyson vs. Roy Jones Jr. fight, demonstrating that it has the opportunity to expand into verticals outside of music and compete with streaming platforms such as YouTube and Twitch.
 - Reddit acquired the lip-synching video app Dubsmash; the company is making a big bet on mobile video, as it looks to diversify its products, expand its user base, and accelerate the growth of its ad revenue.
 - Clubhouse, the new and fast-growing social media app that lets people gather in audio-only chat rooms, raised \$100M at a \$1B valuation.
- M&A activity within the digital publishing vertical picked up in the second half of the year, and the red-hot SPAC market has created a catalyst for further consolidation.
 - Notable recent deals include BuzzFeed's acquisition of HuffPost, Penske Media's acquisition of an 80% stake in MRC, and Business Insider's acquisition of Morning Brew.
 - Group Nine Media introduced a SPAC with total gross proceeds of \$230M to facilitate the execution of its "roll-up" strategy of synergistic digital media/publishing assets.
 - We expect M&A activity to continue in 2021 as digital publishers look to gain larger scale, expand IP and distribution, and achieve cost synergies to better compete for audience eyeballs and advertising dollars.

Sources: Company press releases and news reports. (1) From BuzzFeed to Axios, Digital Media Players prepare for deal frenzy, WSJ.com, December 18, 2020. (2) Statista—Digital Advertising Report 2020. (3) eMarketer, February 2021.

Digital Publishing and Social Media (cont.)












2020 Performance



Digital Publishing

- Facebook
- Google
- IAC
- J2 Global (Ziff Davis)
- Leaf Group
- Pinterest
- Snapchat
- Twitter

Notable Recent Transactions

Company						
Date	Sep-20	Sep-20	Sep-20	Oct-20	Nov-20	Nov-20
Acquiror					Zach Seward, Katherine Bell	
Valuation	\$500.0	\$100.0	\$281.3	\$75.0	\$110.0	--
EV/ Revenue	--	--	--	3.8x	--	--

Notable Recent News and Articles

TechCrunch: [Twitter Launches Its Voice-Based “Spaces” Social Networking Feature Into Beta Testing](#)

Axios: [SPACs Could Fuel Next Round of Digital Media Wars](#)

Deadline: [Deadline Parent PMC and MRC Form Publishing Content Venture; Brings Rolling Stone, THR, Billboard, and Vibe Under One Roof](#)

TechCrunch: [Google to Pay Out \\$1B to Publishers to License Content for New Google News Showcase](#)

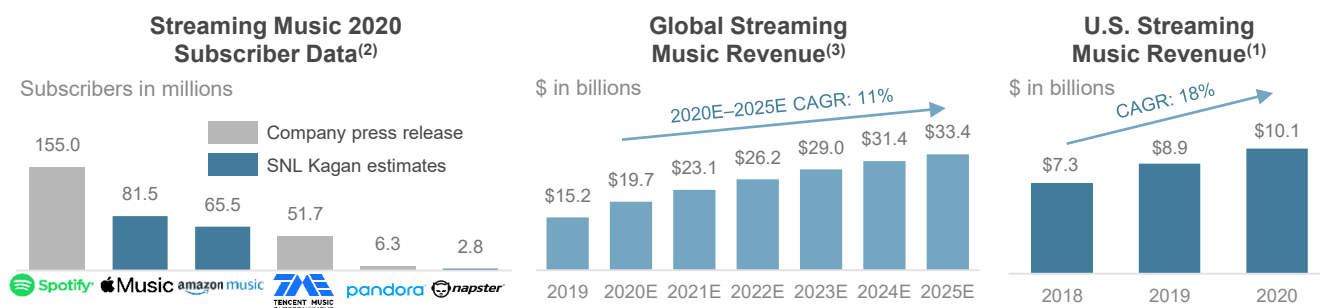
Music Business Worldwide: [Universal Music Group Pulls Catalog From Triller](#)

TechCrunch: [Social Audio App Clubhouse Has Topped 8 Million Global Downloads](#)

Streaming Music/Audio

Sector Activity, Trends, and Insights

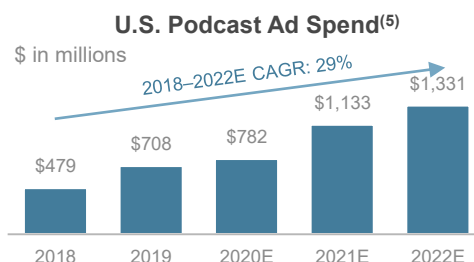
- 2020 was a momentous year for streaming music platforms as global streaming revenue grew by 30% YoY. In the U.S., according to RIAA, streaming music revenues grew 13.4% to \$10.1B in 2020.⁽¹⁾ Streaming music represented 83% of total U.S. music industry revenues in 2020, and paid subscription services, which reached a record number of subscribers during the year, were the main drivers of revenue increases (growing 25% YoY). Over the next five years, global streaming music revenues are expected to grow at a CAGR of 11%, outpacing other digital media verticals such as digital publishing and video games.
- The battle for subscribers remains competitive, as streaming music subscribers typically subscribe to one platform. Spotify maintains a healthy leadership position; however, it faces fierce competition from global tech giants, including Apple Music, Amazon Music, and Tencent Music.



- Podcasts and spoken audio have become important competitive frontiers as listenership and engagement have exploded and streaming music/audio companies look to evolve their product and service offerings in order to differentiate themselves with compelling, premium, and exclusive content.

- Amazon joined the competitive podcasting landscape with an initial library of 70K podcasts, including exclusives from Will Smith, DJ Khaled, and the popular true crime podcast, Disgraceland. Additionally, Amazon acquired Wondery in a deal rumored to be valued above \$300M.

- Strategic M&A continues within the sector, with several notable deals such as Spotify's acquisition of Megaphone, iHeartMedia's acquisition of Voxnest, and LiveXLive's acquisition of PodcastOne.



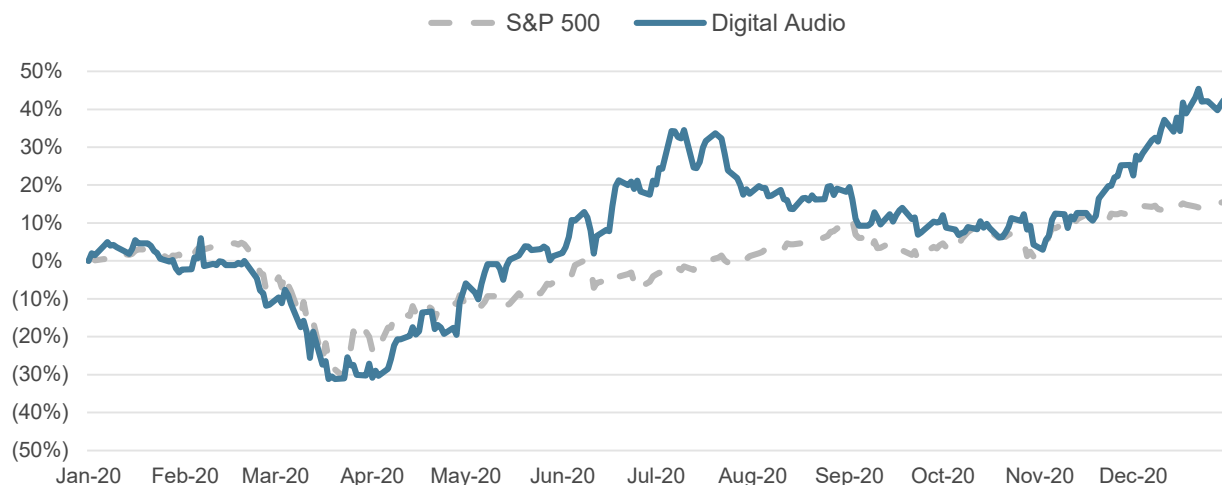
- We believe that the livestreaming of music/concerts/events will be a key new growth opportunity for the large streaming music platforms. COVID-19 provided a powerful catalyst for artists and platforms to test out new virtual/livestreaming models; we believe that the genie is now out of bottle. Post-COVID-19, we expect leading streaming music services to increasingly embrace this burgeoning market opportunity as a way to further differentiate their content offerings and create a win-win for both artists and users/fans.

- The merger of MelodyVR and Napster combines a streaming music platform with a livestreamed music performance platform.
- LiveXLive's live music streaming business grew 45% YoY as of October 2020, as its franchise series was viewed ~50M times in 2020.⁽⁶⁾
- Twitch's live music streaming grew 550% YoY as musicians built communities around livestreaming.⁽⁶⁾
- YouTube bolstered its efforts to become the go-to platform for artists by offering numerous tailored products, such as event premieres, community engagement functions, and a ticket-selling platform.
- TIDAL announced a partnership with Facebook's virtual reality platform, Oculus, and Tencent Music partnered with WaveVR to bring virtual concerts to China.

(1) RIAA, 2020; Streaming includes paid subscription services (e.g., Spotify), ad-supported, on-demand services (e.g., YouTube), and digital radio like (e.g., Pandora). (2) SNL Kagan, company press releases, and news reports. (3) Statista, 2020. (4) eMarketer, 2020. (5) eMarketer, 2020. (6) Company press releases/interviews: LiveXLive—YoY Growth in Oct. 2020, Twitch—YoY Growth Q2 2020.

Streaming Music/Audio (cont.)

2020 Performance











Digital Audio

- iHeartMedia
- LiveXLive
- SiriusXM
- Spotify
- Stingray Group
- Tencent Music Entertainment

Notable Recent Transactions

\$ in millions

Company							
Date	May 20	Aug-20	Aug-20	Oct-20	Nov-20	Dec-20	Dec-20
Acquiror							
Valuation	\$18.0	\$70.0	--	--	\$235.0	--	\$300.0
EV/ Revenue	0.7x	0.7x	--	--	~8.0x	--	~7.5x

Notable Recent News and Articles

Axios: [Podcast Wars Heat Up](#)

Wall Street Journal: [Amazon Music Joins Podcasting Fray](#)

Financial Times: [How Podcasting Became a New Front in the Streaming Wars](#)

Digital Music News: [Billie Eilish Virtual Concert: Is This the New Blueprint for Live Streams?](#)

Digital Music News: [Apple Music Had “a Record Year” in 2020—But Doesn’t Reveal Subscriber Numbers](#)

Dreamscope Media: [Music Industry Turns to Virtual Concerts as Pandemic Grinds On](#)

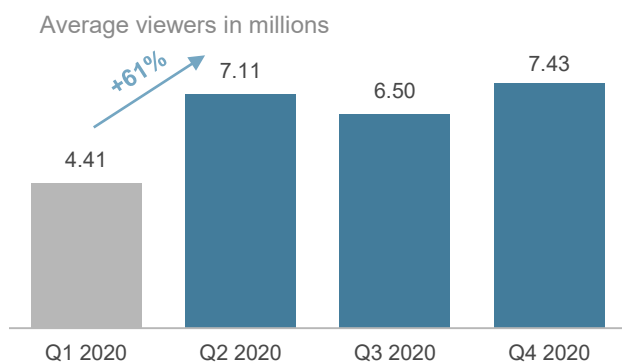
TechCrunch: [Spotify to Launch a New High-End Subscription, Spotify HiFi](#)

Video Games

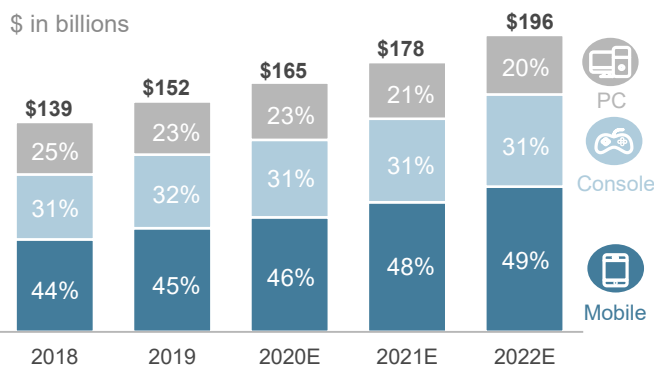
Sector Activity, Trends, and Insights

- The growth of the video game industry continued to accelerate in the second half of 2020, with digital games generating a record-breaking \$12.0B in December 2020,⁽¹⁾ and global gaming revenue expected to reach \$165B for the full year.⁽²⁾
- In 2020, nearly 49% of all consumer spending on games came from the U.S. and China, with smartphone games experiencing the fastest YoY growth (29.0%) compared to other gaming devices.⁽²⁾
- In an effort to take a growing share of the global gaming market, which is expected to be ~\$200B by 2022 (growing at a CAGR of 9% over the next two years), the leading technology companies continue to invest in their gaming platforms and offerings; Amazon and Facebook launched their own cloud-based video game platforms in Q3 and Q4—Luna+ and Facebook Gaming, respectively—taking direct aim at Google's Stadia and Microsoft's xCloud platforms.
- Video game platforms have emerged as powerful social platforms as well, transforming into popular venues for social and livestreamed events.
 - In the last 12 months, 38% of gamers—18+ year-old players—participated in nongaming activity or events (e.g., live in-game concerts, in-game movie and TV show previews, etc.) inside video games.⁽³⁾
 - Epic Games, the developer of Fortnite, launched a concert series that was livestreamed within Fortnite; Travis Scott's virtual concert drew 12.3M viewers.
 - Twitch, the video livestreaming service, saw considerable growth in average viewers when the pandemic began and was able to sustain the increased level of viewership by starting to offer nongaming content, such as livestreamed music performances.
- On the heels of a record year, many gaming companies are taking advantage of frothy public valuations by going public via SPACs or traditional IPOs.
 - Skillz went public through a merger with the SPAC Flying Eagle Acquisition Corp. in September 2020.
 - Playtika raised \$1.9B in its IPO in January 2021, valuing the company at ~\$11B.
 - In January 2021, Huuuge Games announced its IPO plans, hoping to raise ~\$400M.
 - PlayStudios is going public via a merger with the SPAC Acies Acquisition Corp. in February 2021.
 - Roblox is set to go public via direct listing in March 2021, at an expected valuation of ~\$30B.
- M&A activity within the video games space has been robust over the past several quarters, with several high-profile deals being announced, including EA's acquisitions of Glu and Codemasters, MTG's acquisition of Hutch, and Embracer Group's acquisitions of Gearbox, Easybrain, and Aspyr.
- We expect further consolidation in the games space as the largest game companies are flush with cash and newly public companies, via SPAC or public listings, are looking to roll up companies to achieve scale.

Twitch Average Viewers⁽⁴⁾



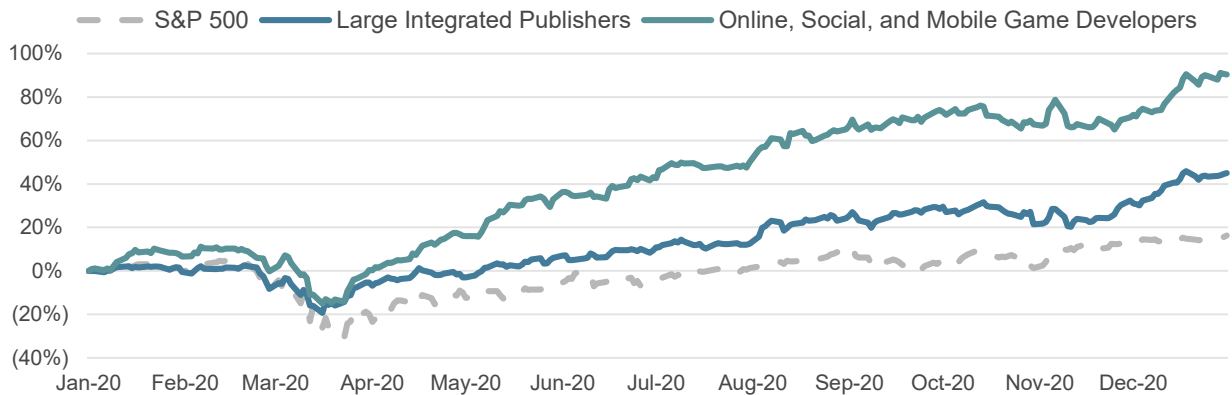
Video Game Revenue by Platform⁽²⁾



Sources: Company press releases and news reports. (1) SuperData Research, January 2021—includes revenue from digital games on mobile, console, and PC. (2) Newzoo—Online Gaming 2020 Report. (3) Activate Consulting—Activate Technology & Media Outlook 2021. (4) Twitch Tracker as of December 31, 2020.

Video Games (cont.)

2020 Performance

















Large Integrated Publishers

- Activision Blizzard
- Capcom
- Electronic Arts
- Konami Holdings
- Nintendo
- Sega Sammy
- Square Enix
- Take-Two Interactive
- Ubisoft

Online, Social, and Mobile Game Publishers

- CD Projekt
- Codemasters
- Group
- Com2uS
- DeNa
- Frontier Developments
- G5 Entertainment
- Gamevil
- Glu Mobile
- GungHo
- JoyCity
- MTG
- Ncsoft
- NetEase
- Netmarkble
- Nexon
- NHN
- Remedy Entertainment
- Rovio
- SciPlay
- Stillfront Group
- Team17 Group
- WeMade
- Zynga

Notable Recent Transactions

Company							
Date	Sep-20	Sep-20	Sep-20	Dec-20	Dec-20	Feb-21	Feb-21
Acquiror							
Valuation	3,500.0	\$7,500.0	\$128.2	\$275.0 ⁽¹⁾	\$1,155.7	\$363.0 ⁽²⁾	\$2,100.0
EV/Revenue	~15.5	--	~2.0x	--	7.7x	2.6x ⁽²⁾	3.7x

Notable Recent News and Articles

PocketGamer.biz: [The Top 50 Mobile Game Makers of 2020](#)

TechCrunch: [Amazon Announces Luna Game-Streaming Platform](#)

TechCrunch: [Facebook Steps Into Cloud Gaming—and Another Feud With Apple](#)

GamesBeat: [What 5 Billion-Dollar Games Tell Us About Mobile in 2020](#)

The Wrap: [Move Over, Facebook: How Gaming Is Becoming the New Social Network](#)

CNBC: [Roblox Raises \\$520 Million Ahead of Planned Stock Market Direct Listing](#)

GamesBeat: [Roblox Plans to List Shares on March 10, Reports 82% Revenue Growth to \\$923M for 2020](#)

Robust M&A and Financing Activity

Notable M&A Transactions

(\$ in millions)				Target TEV (\$)	TEV/LTM	
Subsector	Announced	Target	Acquiror		Revenue	EBITDA
OTT	Feb-21	VIX	Univision	--	--	--
OTT	Jan-21	Quibi (Content Library)	Roku	100.0 ⁽²⁾	--	--
OTT	Dec-20	Crunchyroll	Funimation (Sony)	1,175.0	--	--
OTT	Aug-20	CuriosityStream	Software Acquisition Group	330.0	9.4x	NM
Publishing/Social	Feb-21	Outside Magazine, Outside TV, Gaia GPS, athleteReg, Peloton Magazine	Outside (f.k.a. Pocket Outdoor Media)	--	--	--
Publishing/Social	Jan-21	Breaker	Twitter	--	--	--
Publishing/Social	Dec-20	Squad	Twitter	--	--	--
Publishing/Social	Dec-20	Lonely Planet	Red Ventures	--	--	--
Publishing/Social	Nov-20	Voisey	Snap	--	--	--
Publishing/Social	Nov-20	HuffPost	Buzzfeed	--	--	--
Publishing/Social	Nov-20	Quartz	Zach Seward, Katherine Bell	110.0	--	--
Publishing/Social	Nov-20	Morning Brew	Insider Inc.	75.0	3.8x	NM
Publishing/Social	Sep-20	MRC	PMC	281.3	--	--
Publishing/Social	Sep-20	Goal.com, Spox, Voetbalzone	IMC (TPG)	100.0	--	--
Publishing/Social	Sep-20	Serious Eats, Simply Recipes	DotDash	--	--	--
Publishing/Social	Sep-20	CNET Media Group	Red Ventures	500.0	--	--
Digital Audio	Dec-20	Wondery	Amazon	300.0	7.5x	--
Digital Audio	Dec-20	Loopmasters Ltd.	Beatport	--	--	--
Digital Audio	Dec-20	Motion Array	Artlist	65.0	--	--
Digital Audio	Nov-20	Amper Music	Shutterstock	--	--	--
Digital Audio	Nov-20	Megaphone	Spotify	235.0	~8.0x ⁽¹⁾	NM
Digital Audio	Oct-20	Voxnest	iHeartMedia	--	--	--
Gaming	Feb-21	Glu Mobile	Electronic Arts	2,100.0 ⁽²⁾	3.7x	27.5x
Gaming	Feb-21	Easybrain	Embracer Group	640.0	3.0x	9.1x
Gaming	Feb-21	Gearbox	Embracer Group	363.0 ⁽⁴⁾	2.6x	6.9x
Gaming	Feb-21	Aspyr Media	Embracer Group	100.0	2.5x	8.8x
Gaming	Feb-21	PlayStudios	Acies Acquisition Corp.	1,100.0	4.1x	NM
Gaming	Jan-21	Next Level Games	Nintendo	--	--	--
Gaming	Dec-20	High Voltage Software	Keywords Studios	33.5	--	--
Gaming	Dec-20	Loom.ai	Roblox	--	--	--
Gaming	Dec-20	Codemasters Group	Electronic Arts	1,155.7	7.7x	18.3x
Gaming	Dec-20	Hutch	MTG	275.0	--	--
Gaming	Dec-20	Smash.gg	Microsoft	--	--	--
Gaming	Dec-20	Daybreak	EG7	300.0	--	--
Gaming	Oct-20	Genjoy	Scopely	--	--	--
Gaming	Oct-20	Deus Craft	My.Games	27.6	--	--
Gaming	Oct-20	Coatsink	Thunderful Group	29.8 ⁽⁷⁾	--	--
Gaming	Sep-20	Skillz	Flying Eagle Acquisition Corp.	3,500.0	15.5x	--
Gaming	Sep-20	Pipeworks	Sumo Group	59.5 ⁽⁵⁾	--	--
Gaming	Sep-20	Nanobit	Stillfront	128.2	~2.0	~6.0
Gaming	Sep-20	Vertigo Games	Embracer Group (Koch Media)	59.3	--	--
Gaming	Sep-20	Zenimax Media	Microsoft	7,500.0	--	--

Sources: PitchBook.com, S&P Capital IQ, company press releases, and news reports.

(1) HL estimate. (2) Excludes earn-outs of up to \$125.0 million. (3) Excludes earn-outs of up to \$1.02 billion. (4) Excludes earn-outs of up to \$350.0 million. (5) Excludes earn-outs of up to \$100.0 million. (6) Excludes earn-outs of up to \$35.0 million. (7) Excludes earn-outs of up to \$55.1 million. (8) Based on a 78% stake; excludes earn-outs of up to \$48 million.

Robust M&A and Financing Activity (cont.)

Notable Private Placement Transactions					
(\$ in millions)					
Subsector	Announced	Target	Investor	Investment Amount (\$)	Enterprise Value (\$)
OTT	Jan-21	Chicken Soup for the Soul Entertainment	Undisclosed Investors	22.5	306.0
OTT	Oct-20	VENN	BITKRAFT Ventures, Nexstar Media Group, Eldridge, WISE Ventures, Alumni Ventures Group	26.0	--
OTT	Aug-20	Restream	Sapphire Ventures, Insight Partners, Silverton Partners, Anorak Ventures, Liquid 2, Colopl Next, Mana Ventures, Iskra Ventures	50.0	--
OTT	Aug-20	fuboTV	Hush Holding Co., Highline Capital, Zweig-Dimenna Associates, Cipayo LTD, Individual	43.1	--
Publishing/Social	Feb-21	Outside (f.k.a. Pocket Outdoor Media)	Sequoia Heritage, JAZZ Ventures, Xone 5 Ventures, NEXT Ventures	150.0	--
Publishing/Social	Feb-21	Reddit	Undisclosed Investors	367.0	6,000.0
Publishing/Social	Jan-21	Clubhouse	Andreessen Horowitz	100.0	1,000.0
Publishing/Social	Dec-20	Calm	LVP, Insight, TPG, Marc Benioff	75.0	2,000.0
Publishing/Social	Dec-20	Patreon	NEA, Wellington Management, Lone Pine	90.0	1,200.0
Publishing/Social	Dec-20	Hodinkee	TCG, LVMH Luxury Ventures, True Ventures, Future Shape, Tom Brady, John Mayer, Google Ventures	40.0	100.0
Publishing/Social	Dec-20	Surflife	Chernin Group	30.0	--
Publishing/Social	Nov-20	Buzzfeed	Verizon Media	--	--
Publishing/Social	Sep-20	InShorts	Addition, SIG Global, Tanglin Venture Partners	35.0	--
Publishing/Social	Sep-20	ShareChat	Dr. Pawan Munjal, Ajay Shridhar Shriram, DCM Shriram, Twitter, SAIF Partners, Lightspeed Ventures, India Quotient	40.0	--
Publishing/Social	Aug-20	Triller	Pegasus Tech Ventures	--	--
Digital Audio	Nov-20	Wave	Tencent	--	--
Digital Audio	Oct-20	Output	Summit Partners	45.0	--
Digital Audio	Aug-20	Songtradr	St. Baker Australian Family Office	30.0	165.0
Gaming	Feb-21	Loop Games	Tilting Point	60.0	--
Gaming	Jan-21	Roblox	Altimeter Capital, Dragoner Investment Group, Investment Group of Santa Barbara, WMG	520.0	29,500.0
Gaming	Dec-20	Discord	Greenoaks Capital, Index Ventures	100.0	7,000.0
Gaming	Dec-20	Innogames	MTG	128.5	755.9
Gaming	Nov-20	Statespace Games	Khosla Ventures, FirstMark	29.0	--
Gaming	Nov-20	Lockwood Publishing	Tencent, Novator Partners, David Helgason, Hilmar Petursson	25.0	--
Gaming	Oct-20	Scopely	Wellington Management, NewView Capital, TSG Consumer Partners, Canada Pension Plan Investments, BlackRock, D1, Battery Ventures, Eldridge, Declaration Partners, Moore Strategic Ventures, Greycroft, Baillie Gifford, Sands Capital, Revolution Growth, Highland Capital Partners	340.0	--
Gaming	Oct-20	Versus Programming Network (VSPN)	Tencent, Tiantu Capital, susquehanna International Group, Kuaishou, Lighthouse Capital	100.0	--
Gaming	Sep-20	Manticore Games	Epic Games	15.0	--
Gaming	Sep-20	Playco	Sequoia Capital Global Equities, Sozo Ventures, Caffeinated Capital, KSK Angel Fund, Mistletoe Singapore, Digital Garage, Dreamers VC, Makers Fund	100.0	1,000.0
Gaming	Sep-20	Mobile Premier League	RTP Global, MDI Ventures, Sequoia India, Go-Ventures, Base Partners	90.0	--
Gaming	Sep-20	Bunch	General Catalyst, Electronic Arts, Take-Two Interactive, Ubisoft, Supercell, Krafton, Mixi, Riot Games, Miniclip	20.0	--
Gaming	Sep-20	Metacore	Supercell	17.8	--

Sources: PitchBook.com, S&P Capital IQ, company press releases, and news reports.

Outstanding Track Record Executing Digital Media Transactions

Houlihan Lokey professionals have unparalleled experience in advising digital media companies across a wide range of transactions.

The Second City
has been acquired by

ZMC

Sellside Advisor

VIX
has been acquired by

UNIVISION
COMMUNICATIONS INC.

Sellside Advisor

beatport
has acquired

Loopmasters
supported by the successful placement of a senior secured credit facility

Buyside Advisor & Placement Agent

Porch
has agreed to merge with PropTech Acquisition Corporation via SPAC combination

Advisor to Special Committee

FANSIDED
a subsidiary of

meredith
has been acquired by

minute media

Sellside Advisor

Cadence13
has been acquired by

Entercom

Sellside Advisor

VERTICAL NETWORKS
has been acquired by

WHISTLE

Sellside Advisor

PARCAST
PODCAST AUDIO BROADCAST MANAGEMENT
has been acquired by

Spotify

Sellside Advisor

WHISTLE SPORTS
\$28 million financing led by

Asler

Financial Advisor

sheknows media
a portfolio company of

Great Hill PARTNERS
has been acquired by

PMC
Penske Media Corporation

Sellside Advisor

GAWKER MEDIA
has been acquired by

UNIVISION

Sellside Advisor

PLAYNETWORK
has been acquired by

TouchTunes
A portfolio company of

SEARCHLIGHT

Sellside Advisor

Slacker RADIO
has been acquired by

LIVE X LIVE

Sellside Advisor

WGT MEDIA
has been acquired by

TOPGOLF

Sellside Advisor

FanDuel
\$275,000,000 Series E Preferred Stock

KKR **Google capital**
SHAMROCK CAPITAL PARTNERS **Time Warner**

Placement Agent*

Songza
has been acquired by

Google

Financial Advisor*

* Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2014 forward.

How Houlihan Lokey Can Help

Our firm is well equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients to analyze, structure, negotiate, and execute the best possible solutions from both strategic and financial perspectives.

What We Offer

- Corporate Finance
- 1 Mergers and Acquisitions
- 2 Capital Markets
- Private Funds Advisory
- Board Advisory Services
- Financial Restructuring
- Company Advisory
- Financial Restructuring
- Distressed M&A
- Liability Management
- Creditor Advisory
- Financial and Valuation Advisory
- Portfolio Valuation and Fund Advisory
- Transaction Opinions
- Corporate Valuation Advisory Services
- Transaction Advisory Services
- Real Estate Valuation and Advisory
- Dispute Resolution Consulting

Mergers and Acquisitions

We are widely recognized as a leading M&A advisor to the mid-cap in general and the TMT sector in particular. Our deep expertise across the sector, knowledge of the strategic landscape, and long-standing relationships with all relevant strategic and financial buyers make us the M&A advisor of choice for strategic transactions in the digital media industry.

Capital Markets

We have a market-leading private capital markets platform focused on the placement of solution-oriented capital for a wide range of financing needs. We have differentiated investor relationships and access to the key decision-makers, allowing us to run a bespoke, high-touch, confidential, and efficient process.

Why We're Different

- ✓ Deep Digital Media Industry Expertise
- ✓ Strong Relationships With the Most Relevant Buyers
- ✓ Solution-Oriented Capital Markets Platform
- ✓ Dominant in Special Situations and Restructuring
- ✓ Senior-Level Commitment and Dedication
- ✓ Superior Work Product/Technical Abilities
- ✓ Creativity, Imagination, Tenacity, and Positivity

Disclaimer

© 2021 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include those in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and member of FINRA (www.finra.org) and SIPC (www.sipc.org) (investment banking services); Houlihan Lokey Financial Advisors, Inc. (financial advisory services); HL Finance, LLC (syndicated leveraged finance platform); and Houlihan Lokey Real Estate Group, Inc. (real estate advisory services); (ii) Europe: Houlihan Lokey EMEA, LLP, and Houlihan Lokey (Corporate Finance) Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); Houlihan Lokey GmbH; Houlihan Lokey S.p.A.; Houlihan Lokey (Netherlands) B.V.; Houlihan Lokey (España), S.A.; and Houlihan Lokey (Corporate Finance), S.A.; (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) China: Houlihan Lokey Howard & Zuckin Investment Consulting (Beijing) Co., Limited (financial advisory services); (vii) Japan: Houlihan Lokey K.K. (financial advisory services); and (viii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the [Australian Securities and Investments Commission](#) (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the European Economic Area (EEA), Dubai, Singapore, Hong Kong, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (EEA and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change.

Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.



HOULIHAN LOKEY

CORPORATE FINANCE
FINANCIAL RESTRUCTURING
FINANCIAL AND VALUATION ADVISORY

[HL.com](https://www.hl.com)